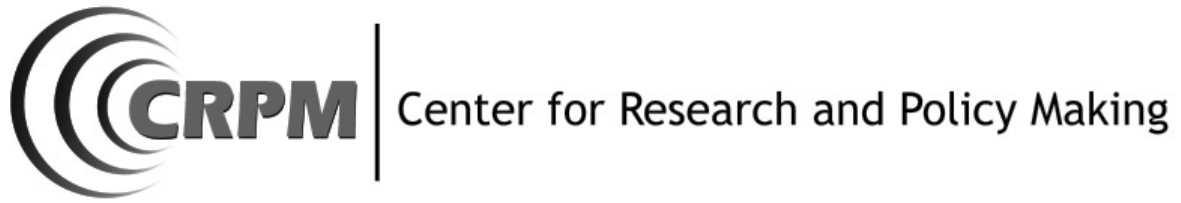


EDUCATION AND LABOR MARKET

MANAGING EDUCATION QUALITY IN DECENTRALIZED MACEDONIA CASE STUDY MUNICIPALITY OF SARAJ





Research | Analysis | Trainings | Policy advice

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List of abbreviations:

EAR	European Agency for Reconstruction
EU	European Union
ESA	Employment Service Agency
UNDP	United Nation Development Program
USAID	United Staid Aid
WB	World Bank
LFS	Labor Force Survey
CRPM	Center for Research and Policy Making
IMF	International Monetary Found
IDSCO	Institute for Democracy Solidarity and Civil Society
MCGO	Macedonia Center for Civic Education
OSCE	Organization for Security and Co-operation in Europe
UNESCO	The United Nations Educational, Scientific and Cultural Organization
OECD	Organization for Economic Co-operation and Development
FDI	Foreign Direct Investment
MLSP	Ministry of labor and Social Protection
ILO	International Labor Organization

Education and labor market

Managing education quality in decentralized Macedonia

Case study Municipality of Saraj

EXECUTIVE SUMMARY

It is a very well known fact that policy makers in Macedonia claim that the country's economic development is highly related to the level of investments. At the same time, the government is making efforts to promote Macedonia as a right destination for FDI (Foreign Direct Investments) in order to attract foreign companies to invest money and knowledge into the country. As a result of this, it is expected that with the FDI the level of know-how and technology will increase as well. Nevertheless, Macedonia's main concern lays with the unskilled workforce, a problem which makes all of the above-mentioned seem insignificant .

Moreover, the problem deepens since the majority of the unemployed workforce consists of the young population which is considered to be the most productive labor force within a society. The fast growing economies today require a knowledge-based workforce, which consequently make the role of education a crucial one.(Halawany; 2008) Unfortunately, this is something that the Macedonian education system cannot be very proud of. Statistics show that the majority of people that have been unemployed for a longer period of time are the ones that solely possess a high school diploma. Thus, this is a question that will be further examined into more detail throughout this study.

Namely, Macedonian companies employ workers with degrees in higher education, even if positions require workers with secondary education diplomas. Companies justify this by claiming that they are sceptical of the quality of expertise gained through secondary education in Macedonia. In addition, this paper will focus on the Macedonian secondary education system where it is more than obvious that the need for reforms is acute. According to Thomas Welsh and Noel F. Mc Ginn "Decentralization is arguably one of the most important phenomena to come on to the educational planning agenda in the last 15 years" (McGinn, 1999). The fact that Macedonia is in a decentralization period, is another point worth considering when analyzing the high school education system. Studies show that the Macedonian decentralization is a relatively novel trend and that local government institutions are still trying to adjust to the new conditions and responsibilities. Among other obligations, local mayors are also responsible for establishing, financing and administering primary and secondary schools (Law on Territorial organisation)¹. This is a good opportunity for the local governments to decide on certain strategic and practical issues that were neglected in the past, such as the number of classes students should take.

Thus, this paper will deal with the deep fragmentation of the labor market (the employment and unemployment within the country and the region) and the role that the education system plays both here and in the private sector, and which acts as the main pillar of the market economy.

For the purpose of this study paper several interviews have been conducted with various stakeholders, both in institutions at central and local level. These include, Mayor of Municipality of Saraj Mr. Blerim Bexheti, staff from

¹ Law on territorial organization); Official Gazette of the Republic of Macedonia no. 55/04.

the municipality of Saraj (taken as a study case), representatives from the State Employment Agency, Former Minister for Education and Science Mr. Sulejman Rushiti, as well as representatives from the business sector. The secondary data was gathered from State Statistics Office and other institutions. In addition to this, information from different analyses and previous research materials have also been incorporated in this paper.

Finally, this paper will be concluded with a presentation of facts that demonstrate the lack of reforms in the labor market and education respectively, which influence and further increase the level of unemployment. It will give a set of recommendations that would result in the lowering the overall unemployment rate through the mechanisms that the local governments possess.

I. INTRODUCTION

We live in a world of rapid changes and great opportunities, especially due to the technological development, and in a world where innovation imposes changes on the educational system. At present, modern societies consider education as one of the most important treasures of mankind, empowering society to reach its full potential. Undoubtedly, this will help mankind face the challenges of today's world.

According to Gonzalez (.Gonzales, et, all. 2008) labor, markets can not be limited within the country borders, rather the labor market is all around the world beyond the countries in which individuals with specific skills are in demand. In other words, the education system should prepare individuals for new challenges. Moreover, this author argues "Human capital is often considered a key predictor of a person's employment, human capital suggests that investments in human capital can be made through formal schooling or on the job training, both of which raise worker productivity and therefore increase their wages or earning" (Gonzales, , et, all. 2008, p.3).

Education is of fundamental importance for the well-being of all people in the society; the most developed countries have transformed from industrial societies to knowledge-based ones (Kallery; 2003). Bearing this in mind, educational institutions have to prepare their staff for the new requirements of these knowledge-based societies. Unfortunately, the situation of the Macedonian labor market is completely different. The country is facing a situation where one third of the employed workers have finished secondary education, while the number of unemployed citizens with secondary education, on the other hand, is even bigger. This shows that the education system, especially the secondary education system hasn't adjusted to the needs of the labor market. Additionally, the question that needs to be raised is whether the existing education system can be matched with the technological development and the current business trends. It is clearer than ever, that the development of market economy seeks vast improvements in terms of human capital. Today's companies are seeking qualified work force, which underlines, once again, the importance of quality-based education.

More specifically, the development in the field of education should focus not only in the recovery of education, but also in the revitalization of the whole education system in order to create the necessary conditions for answering global trends and demands. In recent years, Macedonia has undergone considerable economic and political reforms, with the aim of building a civil society and a functioning market economy. The implementation of these reforms includes: achieving political stability, successful implementation of the program for restructuring and liberalizing the economy sector; and the restructuring the banking system. Yet the reforms, were insufficient for the reduction of the unemployment rate in Macedonia. This paper will shortly discuss the main reasons for the high level of unemployment, and then link the interdependence of the high level of unemployment with the poor quality of the education system.

II. LABOR MARKET AND THE ROLE OF EDUCATION

In today's world, where we can see the existence of an uncompromising war over markets, clients and profit, modern companies have the tendency for hiring highly skilled work force, since this is the only way they are guaranteed to have efficiency in their work and are also able keep up with the fierce competition. In addition, skilled workers enable their companies to establish a much closer relationship with their customers. This can only be achieved if the laws of the market economy, the labor market and the knowledge-based economy operate freely (OECD; 1999). This provides an important link between education and the labor market. Human resources have taken up a crucial place in the economy, thus recognizing the essential role education has in preparing individuals for working in the labor market as well as "...equipping them with the skills needed to engage in lifelong learning experience." (Tazeen, 2008, p. 18.),

This means that education has a significant role in the labor market, as it has been argued by many authors. According to one of them, (Tazeen, 2008), the skills of the workforce are mismatched to either low wages or unemployment. Furthermore, this author has also pointed out that human capital requirements of the countries have changed over time, mainly due to the advent of new technology and improvement of education quality. New technologies required more skilled workforce, thus education programs need to follow the latest technological trends. Furthermore, the education system is supporting individuals in the form of subsidies in order to acquire high quality education, at the same time it is important to position the economy to benefit from the FDI and trade openness. The results from these achievements in practice, however, depend on the quality of human resources society has at its disposal. Consequently, education has a primary role in building the human capacity needed to face the challenges that lay ahead; therefore putting the education sector in the center of future reforms. (Tazeen, 2008). This makes it evident that education is one of the most important pillars for the socio-economic development of any country.

Taking all these facts into consideration, we can conclude that the main orientation of education reform should be aimed at training new generations for the future challenges they would face and the new adjustments they would have to make. Even though, in recent years, policy makers have made an effort by implementing some of these reforms, there is still a lot more that needs to be done.

That is why the following chapter will give an outline of the situation of the labor market in Macedonia encompassing all its characteristics.

III. LABOR MARKET SITUATION IN MACEDONIA

Many of the accomplishments of developed countries are due to their investment in education (OECD; 1986). The transition of Macedonia's economy from a planned economy to market economy, leads to a phase where the demand imposes changes on all areas of life, on both the organizational and the socio-economic aspect as well.

The reforms of the labor market (The World Bank and International Finance Corporation, 2008) till now have given positive results, although inter-institutional cooperation has been a concern in the process of creating a stable system for the market economy. Also, there have been some reforms related to employment policies with the help of the EAR, the IMF, the World Bank, the FAR market (The World Bank and International Finance Corporation, 2008). According to the UNDP report "there are four important factors for the demand of the labor market:"² (United Nations Development Program, 2009):

1. The law that protects workers
2. The role of unions for selective negotiations
3. Assessment of the labor force
4. Minimum Wages

Needless to say, the process of establishing these factors in Macedonia is going slow. Thus, it is quite critical to make proper reforms in the macro economy and the investment sectors, in order to provide better conditions for the future of the labor market (World Bank; 2008)³. What needs to be emphasized here is the fact that Macedonia's education system has never had any kind of influence on the labor market, and as a result of that, the education system in Macedonia has remained unreformed in terms of quality and in terms of meeting the needs set by the labor market.

III. 1. Characteristics of the labor market in Macedonia

The so called "unemployment syndrome" in Macedonia has been present from the beginning of its transition from a planned to a market economy. According to the Labor Force Survey (LFS) data, official numbers show that the unemployment rate has always been over 30%, starting from 1996 when the first official survey was conducted since there is no data available for the years before that. According to this information, the unemployment rate in 1997 was 37 %, while the lowest unemployment rate was in 2001 with 30.5%, which increased to 33.8%, in the year of 2008. The statistics over the large number of registered and unregistered unemployed workers, as well as the pressure from the new applicants, which enter for the first time in the labor market, make the problem of unemployment even harder,

² Approaching the EU challenges and opportunities) 2009

³ World Bank (2008) Active programme on the labor market in the Republic of Macedonia

whereas policy makers are faced with significant difficulties trying to resolve the problem.

This kind of “phenomenon” has become the most serious social and economical problem in Macedonia. Even though this “syndrome” is evident in other countries as well, the scale of this issue in Macedonia is larger and the problem more visible when compared to other countries in the region or in the world.

Table 1. Unemployment rate in Macedonia⁴

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Percent of unemployment	37	34.5	32,4	32.2	30.5	31,9	36,7	37,2	37,3	36,0	34,9	33,8

Source: State statistical office

Taking into account the data mentioned above, we can conclude that the unemployment rate in Macedonia has always been high, remaining at a constant rate most of the time. Hence, the high unemployment rate and the risk of further complications have become a problem that needs to be addressed by policy makers. This, being a very complex issue within itself, demands a serious intervention,. In order to achieve this, a solid base needs to be established where the work force will be ready to respond to rapid challenges and where with a multidimensional intervention will be undertaken, particularly in the field of education.

Compared with other European countries, Macedonia has much higher unemployment rate. For example, average unemployment rate in 27 countries of EU is 7,6 % ⁵, but in Macedonia it is around 33 %. Even Spain, the country with the highest unemployment rate in the EU, has a much lower rate (average of 16% for 2009) of unemployed people when compared with Macedonia. In 2008, unemployment rate in Macedonia was 33,8%. One of Macedonia's problematic areas according to World Bank report⁶ and the one which also requires an immediate response is the support that the government provides to the unemployed.

An official from ESA(Employment Service Agency) says “According to the law, every unemployed person has to be registered in Agency for Employment in order to get social support.”⁷ Many of the people actively involved in the informal job sector register themselves as unemployed in order to get the social support. According to the World Bank⁸ these weaknesses in the system lead to wrong statistical data about the real figures on unemployed people in Macedonia. The social support for the unemployed, on the other hand, is managed through several institutions within the Ministry of Labor and Social Policy, contributing to the complexity of this question. This gives us evidence that managing one policy within several institutions is a highly complex process which brings down the hopes for its successful implementation.

Furthermore, the number of employed people in the private sector in Macedonia has increased from 56,7% in 2004 to 69% in 2007.⁹ Additionally, the World Bank study indicates that the privatization of the Macedonian economy in the beginning of the transition period restructured more than 95% of the state-owned companies. Moreover, the transition period initiated a change in the structure of the economy so that out of the total employment, 23% come from the industry, the service sector is represented with 59%, while agriculture constitutes around 18%.

⁴ Unemployment rate as a participation of the number of unemployed in the total labour force

⁵ Harmonised unemployment rate by gender; Eurostat; <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&pcode=teilm020&tableSelection=1&plugin=1>

⁶ World Bank (2008) Active programme on the labor market in the Republic of Macedonia

⁷ Interview with Abdyl Samet Shabani, Deputy Head of Employment Unit, Employment Service Agency conducted on 23.09.2009

⁸ World Bank (2008) Active programme on the labor market in the Republic of Macedonia

⁹ Ibid.

Having said this, it is important to mention that this change in the structure of economy has had a drastic impact on youth unemployment in Macedonia.

III. 2 Youth unemployment in Macedonia

The unemployment among the young population in Macedonia is considered to be a vital issue stated many times in different documents.

“The Government of the Republic of Macedonia has created and adopted the National Employment Strategy until 2010. On the basis of this strategy the Ministry for Labor and Social Affairs together with other stakeholders made 2 annual national employment plans. In addition to this, additional annual and operative plans were created. In all documents of these documents youth are identified as a target group.”¹⁰

However, just having a strategy is not enough if there are no concrete steps envisaged for its implementation. The recently graduated students take up a substantial part of the unemployment percentage, thus proving how the labor market and the education system are not well coordinated. It is an interesting fact that even the young generation itself does not trust or rely on the Macedonian education system, especially when it comes to the secondary school system.

Namely, according to studies done by IDSCO (Institute for Democracy Solidarity and Civil Society) in 2006, 37,5% of the interviewed high school students had a negative perception about the high school education system. In addition, 32,6%¹¹ of the interviewed had a negative opinion about the higher education system. The latter is more alarming and it makes this problem even more serious.

The table below gives an overview of the number of unemployed persons for 2008 according to their age, as provided by the Labor Force Survey. The unemployment rate is highest (56.8%) among people aged 15 – 24, which actually represents young people. The data represented in the table is also not in favor of the group of people aged 25-29, since the unemployment rate has reached nearly 40%. If we compare these data with those from the countries from the region, we can come to the conclusion that this age group has not been able to find its place in the labor market. As a comparison to the 40%, this percent is 30% in Croatia, 15% in Slovenia, 25% in Greece, with Serbia being fairly close to Macedonia, having an unemployment rate of around 50% in this age group.¹²

Table 2. Unemployment according to age group for the year 2008

Age group	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64
Percent of unemployment	56,8%	56.2%	40,3%	35.0%	29,6%	26.7%	25.6%	27.5%	28.2%	28.2%

Source: State statistical office -LFS

Next, when connecting how large the number of unemployed people is in accordance to their education and age, the data once again gives us an interesting indicator for the importance of education. As presented in the table (Table 3), we can see that from 310,409 registered unemployed workers, those that have finished secondary school are dominant on this list, with approximately 40% of the total number. A high percentage of unemployed persons can also be noted with those who have only finished primary school, around 31.4%. If we make a detailed analysis, we can

¹⁰ Interview with; Stojan Todorov State Counselor in the Ministry of Labor and Social Affairs conducted on 05.02.2010

¹¹ Survey on young people in Macedonia IDSCO 2006 m "Youth Aspiration Survey in Macedonia" http://www.fes.org.mk/pdf/TheYouthInRM_eng.pdf

¹² UNCE Weekly; Economic Commission for Europe, Issue N 266-28 April 2 May 2008

notice that the unemployed workers aged 20-24 that have finished secondary school, make up 54.5%). Accordingly, we can conclude that all these persons with a secondary school certificate have difficulty finding employment. From here, one can argue that the education system produces work force that is not qualified enough for the labor market and as a result of that the number of unemployed people is increasing.

Consequently, Muller argues that “the transition from school to work represents a central stage in the lives of individuals” (Muller, 2003, p.23). Moreover, this author argues that “Education is key resource available to individuals in influencing their labour market fortunes” (Muller, 2003, p.278). This is due to the fact that these individuals need to put in practice what they have learned during their years of education. Moreover (P.Barbieri and S. Sherer; 2004) say that “their entry into the labour market is regarded as of crucial importance, given its capacity to structure life history and occupational outcomes”. In addition, they also make the claim that “market changes in the Italian labour market have included the arrival of a contingent and partial jobs, as opposed to traditional Fordist employment relations, with lifelong learning and institutional protection,” (P.Barbieri and S. Sherer; 2004), which is not the case with Macedonia. This represents a serious problem for the country.

The solution, for such an issue, can be very complicated for this group of unemployed workers, because if they remain unemployed for a long period of time, there is a risk that they could “lose” the knowledge gained from the educational institutions (considered weak) and they could remain unemployed for a much longer period of time or eventually find lower positions. Therefore, the need for re-training and further qualification is mandatory. However, it is very important to start and prepare for the future, to see what the needs of the labor market are and to try to combine them with the work force produced by the current education system. In this way, in the future, we won’t need to face a large number of unemployed workers for which the labor market has no need.

The studies conducted show that 49,9% of the young people say that there is a need for complete reforms and 42,8% of them say that there is need for certain reforms, while only 4,8% of them don’t consider that the education system is in need of any reforms. These results should send a clear message to policy makers responsible for the Macedonian education system.

Table 3. Unemployed persons by level of education and age

Level of education	Age group							
	All	15-19	20-24	25-29	30-34	35-39	40-44	45-49
Total	310409	14695	50244	50244	42845	35527	32020	29064
Without any education	4572	355	390	321	606	1117	437	434
Incomplete primary education	14172	943	1133	1466	2237	1635	1239	1118
Primary education	97650	4966	10710	13680	15374	12369	10655	10048
3 years of secondary education	41500	1759	6024	5521	5227	5273	5162	4257
4 years of secondary education	122206	6674	27421	20287	15803	13244	12500	10932
Higher education	6233	-	137	461	4998	507	853	778
University level of education	24077	-	5154	8507	3099	1381	1174	1496

Source ; State statistical office - LFS

In Table 4, we can find alarming data of people that have waited 4 years or longer to be employed, and if we compare this data with the definition of ILO, we can conclude that all those that have been unemployed for more than one year are considered as long-term unemployed. If we analyze the data presented in the Table 3, we can reason that long-term unemployment is a very serious problem. In the table, the number of long-term unemployed workers (4 years and longer) make up 67.1% and if we add to this the number of unemployed workers that have been waiting to be employed for more than one year, this percentage reaches 85%, with most of workers being in the age group of 25-29. These people represent about 16.2% of the unemployed population. This percentage is similar to those in the age group of 30-34 (16.1%) and those aged 35-39 (13.2%).

After analyzing the data mentioned above, we can argue that these people have lost their ability to work and therefore are not suitable for further qualification. Hence, the re-training and further qualification for these individuals must be related to their previous working experience. This is necessary in order to stimulate the businesses to hire workers from this group, that will be used in greater extent as labor force. The best way to implement this practice is through the Employment Agency Service of Macedonia, which until recent days has not been such a good mediator between the employers and workers, nor has it worked much on improving the information system between the employers and workers.

This is one of the reasons why, in January 2008, the Law on Adult Education was passed. It aims to “enable people, from each and every age group, to reach the necessary level of education that will be in accordance with the demands of society and the labor market.”¹³

Table 4. Unemployed persons by duration of unemployment

Age	Total number	Up to 1 month	2-5 months	6-11 months	12-17 months	18-23 months	2 years	3 years	4 years & more
Total	310409	10 842	19722	16290	16470	12991	2562	23132	208401
15-19	14695	1894	3745	3295	2774	1264	97	919	708
20-24	50967	2268	5270	4409	5222	4476	988	8773	19561
25-29	50244	1580	2690	2997	2446	2002	730	3901	33898
30-34	42845	886	1902	1205	1435	1675	108	2037	33597
35-39	35527	1416	1329	1294	1037	1105	128	1525	27693
40-44	32020	863	1504	1176	942	708	88	1714	25023
45-49	29064	941	1493	737	917	609	113	1136	23118
50-54	27300	596	1146	721	958	745	211	1609	21315
55-59	19144	399	574	359	684	396	28	1133	15571
60-64	7913		68	96	55	11	58	385	7241
65 and older	690		-				14	-	676

Source: State statistical office - LFS

When trying to fragment unemployment by its duration, Data above shows that 90% of the registered unemployed people are long-term unemployed. The high level of long term unemployment (to be unemployed for more than 12 months) is particularly dangerous in terms of social perspective because these people and their families are faced with poverty and social exclusion. Looking at this issue from an educational perspective, we are also presented with an unfortunate situation. Namely, 67,1% of the long-term unemployed people have been unemployed for more

¹³ Law on Adult education) Official Gazette no. 7, 15.01.2008 Republic of Macedonia

than four years. 37,2% of these people have a high school certificate, and 34,7 % those who have primary and lower then secondary education background. These two groups together make 72% of the unemployed people for more than four years. This is the best indicator that the high school education system in Macedonia is producing a labor force that can not find its place in the job market. For that reason, there is a need for structural reforms in the high school education system in Macedonia in order for this problem to be tackled. These reforms have to be focused on the changes and demands of the labor market.

Table 5. Unemployed persons by duration of unemployment and level of education

Age	Total number	Up to 1 month	2-5 months	6-11 months	12-17 months	18-23 months	2 years	3 years	4 years & more
Total	310409	10 842	19722	16290	16470	12991	2562	23132	208401
Without education	4572	88	210	255	231	122	92	211	3362
Incomplete primary and lower secondary education	14172	148	857	431	608	733	46	667	10682
Primary and lower secondary education	97650	2949	4710	3707	4285	3216	364	5970	72449
3 years of secondary education	41500	1165	2458	1709	1578	1260	261	2953	30117
4 years of secondary education	122206	4657	8030	6966	7026	6022	1355	10550	77600
Higher Education	6233	207	212	306	176	121	--	491	4720
University level of education	24077	1629	3245	2916	2566	1517	444	2290	9470

Source: State statistical office - LFS

In summary, that these young people are in difficult situation since they do not have the work experience, and are therefore less productive (World Bank; 2008). Needless to say, this is not an isolated problem since its impact is overarching to the situation with the labor market as well.

IV. LABOR MARKET AND EDUCATION IN MACEDONIA

IV.1. Education and labor market- the current situation

The problems that the labor market faces today, in Macedonia, are reflected in the education system, especially in its qualitative aspect. Today, while Macedonia aims towards European integration, Europe is making changes in the education system in order to achieve the goal set by the Lisbon Strategy, which needs to be fulfilled by the end of 2010.¹⁴

The studies show that the demands for labor force are not balanced enough with the offer of the education institutions, and this is considered as one of the reasons why the unemployment rate is so high. “What is offered at university is too general and can’t be easily adapted to fit the needs of the labor marker,” says a representative of the CS Global employment agency.¹⁵

According to a study made by the Center for Research and Policy Making (CRPM), the demand for higher education graduates does not correlate with the higher education institutions’ offer. For example, the graduates coming from these education institutions are ‘produced’ in large numbers, though they are not much sought after; while the ones from the technical faculties are in high demand although ‘produced’ in small numbers (Centre for Research and Policy Making, 2009). Furthermore, other studies also show that the labor market supply does not match the need of the labor market, (Employment Service Agency of Macedonia: Analysis of the Labor Market skills requirement)¹⁶. This study shows that what education institutions offer it is not suitable for the need of labor market. In addition, according to their study, the manufacturing industry is the leading industry where most of the new employment take place, and around 77.4% of the newly employed persons are be employed in this field. Indeed, out of these employment opportunities more than 50%¹⁷ will be for those who have secondary education, which shows that reform in secondary education should be taken seriously.

The same situation is present with private employment agencies that mediate between companies and job seekers, as they claim “for some professions you cannot find a single person in Macedonia to employ, for example a good IT-engineer”.¹⁸ “The need of expertise and the traditional education system have lead to workforce only being

14 European Council. 2000. Presidency Conclusions - Lisbon European Council, 23 and 24 March 2000. http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00100-rl.enO.htm

15 Interview was done for the needs of CRPM- for the study Quality tertiary education system: How to improve it”17.07.2009

16 Employment Service Agency of Macedonia (National report from the analysis of the labor market skills requirement in the Republic of Macedonia(page 13-17).

17 Ibid.

18 Interview with N.Selimi- Director of Motivi-Private employment agency conducted on 22.09.2009

apprenticed in other side private sector is -growing, while small and medium businesses do not have the means to invest into the professional training there people need,” (Mr. Selimi, Motivi employment agency interview). Most private employment agencies do agree that the level of knowledge possessed by graduates is satisfactory, but all point out that there is a lack of “soft skills”, which are not included in the education system. A representative of Decra employment agency points out “the soft skills are missing, especially for working in international companies and in the industry.”¹⁹

In addition, the situation with the labor market shows that large number of unemployed workers in Macedonia is without any kind of qualification, they have only finished primary education, or, to be more precise, from 2007 to 2008, 1.5% of the unemployed are without any kind of education, while 4.6% of the total number have not finished their education, while those who have only finished primary education represent 31.4%. The overall number is 37.5%. If we add to this the percentage of people with three years secondary education (13.4%), we come to a very high number, 50.9%. Moreover, the number of unemployed with a four year secondary education is 39.3 %. Only a small percent of unemployed people consists of the ones with vocational and higher education (7.8 % and 2%), while the number of the employed with secondary education is 42.1%. Furthermore, the structure of the employees according to their education is as it follows; those that do not have any kind of qualification (without education, incomplete primary and lower education) represent 27.3%, those with secondary school (three and four years of high school) represent 54.5%, and those with higher education represent 4% and those with a university degree 14.2%.

Table 6. Employed by education

Level of education	<i>Total</i>	<i>Total in percent</i>
Total	609015	100,0
Without education	4014	0,6%
Incomplete primary and lower education	26243	4,3
Primary and lower e secondary education	136100	22,4
3 years of secondary education	74991	12,4
4 years of secondary education	256349	42,1
Higher education	24630	4,0
University level education	86688	14,2

Source: state statistical office

Table 7. Unemployed by education

Level of education	<i>Total</i>	<i>Total in percent</i>
Total	310409	100.0%
Without education	4572	1.5%
Incomplete primary and lower education	14172	4.6%
Primary and lower e secondary education	97650	31.4%
3 years of secondary education	41500	13.4%
4 years of secondary education	122206	39.3%
Higher education	6233	2.0%
University level education	24077	7.8%

Source: state statistical office

¹⁹ Interview with a representative from Decra employment agency (conducted for the needs of CRPM)

V. EDUCATION SYSTEM IN MACEDONIA

Even though, globally, the educational system has many commonalities, each country ideally should identify its priorities when it comes to education. Many developing countries consider the European education system as one of the best and try to align their policies so that they can implement similar reforms in their own countries. Macedonia requires an educational system that can follow the global trends and produce highly skilled young people, ready to compete and stand shoulder to shoulder with their fellow Europeans. These highly skilled young people should, without any major problems, fit into the real economy sector.

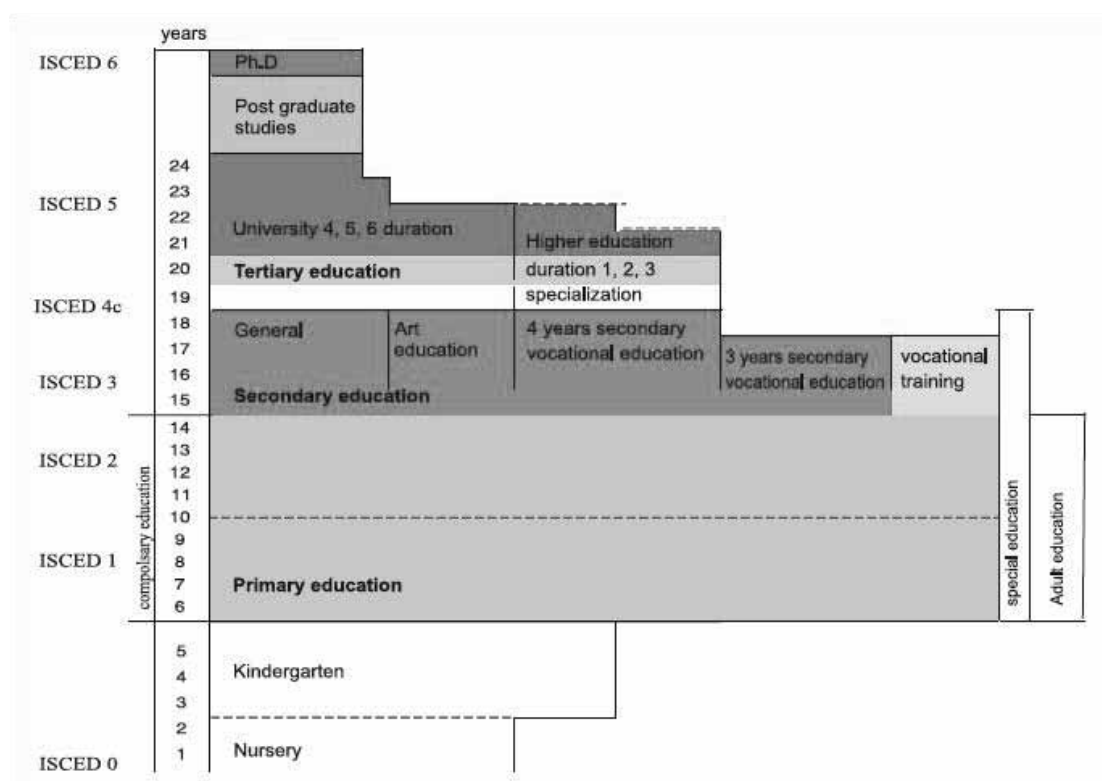
“In the early 90’s, education reforms in Macedonia were not considered as something that should be put high in the priority agenda by the ruling political parties in Macedonia,” says Mr. Sulejman Rushiti²⁰. However the effects of this approach (the delays in reforms) clearly reflect the situation of today with the lack of a qualified work force that is based on knowledge and skills. One can say that education policies in Macedonia are highly centralized, bureaucratic and dependent on administrative decisions. Therefore, it is very hard to adjust to the new circumstances such as the decentralization process, a process that entitles local mayors with new powers.

As it was mentioned before this without, any doubt will be one of the main challenges, which the local authorities have to face. At the end of the day, it is a process, which will put the capacity of the municipalities to the test. In the past, we witnessed many activities in the education sphere in Macedonia; the main aim of all these activities was the improvement of the education quality. There were many attempts (mostly declarative) by the government to initiate certain reforms in the education sphere with the help mainly from donations, funds, consultants etc. just for the purpose of modernizing the education.

Practically speaking, there is an impression that almost all of the reforms have been done in an inappropriate time frame, thus not having a more coherent approach to the overall process. Until now, several strategic documents have been adopted²¹. They clearly and precisely define the priorities in the education sphere. The downside of the adoption of so many strategic documents is that once the new ruling party comes into power, then the strategies that have been previously adopted will just disappear and new ones will be created. This undermines the overall potential to reform.

²⁰ Interview with Mr. Sulejman Rushiti, Former Education and Science Minister, 21. 01.2010

²¹ National strategy for development of education 2005-2015; National strategy for development of small and medium enterprises; “Action plan to combat shadow economy Government program for the period 2006-2010; Strategic plan of government 2006-2008; и Strategic plan of MLSP 2006-2008

Table 8: Education system in Macedonia

Source: State Statistical Office

The education reforms have been characterized with a low level of coordination, slow bureaucratic procedures and inefficiency, which has contributed to the bad management of education. On one hand, the economic development in Macedonia is mainly dependent on foreign direct investments, but on the other hand, we are faced with the absurd fact that one third of the employed citizens have finished primary education only, whereas with those that are unemployed this percentage passes almost half of the overall number. This means that in these two groups the number of those with a university degree is very low. However, even for those that have been “educated”, there are still serious doubts about their qualifications to cope with the business trends and the latest technology changes. The domestic IT companies complain that they have difficulties finding a good engineer and in most cases they need at least several people from this profile. We can’t give any excuses to foreign companies by saying that our education system has failed to transform and modernize and thus produces incompetent experts, and that professional schools are in fact not professional at all, despite of the large quantities of graduates they produce each academic year.

According to CRPM, (Centre for Research and Policy Making, 2009), “the Education System in Macedonia (on all levels) is inflexible and traditional.” The question therefore is: are the new generations, capable of actively taking part in the competitive market? The new knowledge based economy has created new and various challenges for the overall education system and training worldwide. The creation of new knowledge in the form of new products, techniques and technologies requires a critical opinion, analytical capabilities and lifelong learning skills from the side of the labor force (workers). This means that qualitative reforms of the education system must be taken in consideration, in order to gain basic knowledge and skills from education and creative and critical thinking.

VI. LABOR MARKET OF KNOWLEDGE- BASED ECONOMY

The modern understanding of labor market has mainly to do with the knowledge-based economy. Human resources are the fundamental source of economic development in the knowledge based economy . The labor market in Macedonia has several characteristics. The statistics that I have mentioned above show that there is a large number of unemployed workers, and very few opportunities for their employment. This is mainly due to the different level of education and improperly structured economy.²²

The capacity of Macedonia's companies to be exposed and actively participate in foreign markets became one of the main objectives for the country's economic growth, especially today when Macedonia has a candidate status for EU membership. According to the Copenhagen criteria set by the European Council in 1993²³, each candidate country should demonstrate the existence of a functioning market economy as well as the capacity to cope with the competition and the market forces within the European Union. We should also not forget the competition on the global scale, which is becoming more complex and which is facing many risks from different profile. This is why companies are forced to adapt their businesses to the changes more quickly, by seeking new strategies in order to keep up with the competition. These strategies without any doubt put human resources in the heart of the strategies.

Even though the main imperative in the beginning of the privatization was to achieve competition within the national economy, the process of integration in the EU and in the international sector made an impact on domestic companies in a sense that they started competing within the global economy. On one hand, foreign investments are becoming very important for the national economy, thanks to the geographical position of Macedonia, but on the other hand, if we add the need of a qualified work force, which is based on knowledge and skills, then we can come to a conclusion that the country hasn't made any significant progress in this area.

Without any doubt the labor market plays a crucial role in recruiting human resources. Macedonia, does not, however, prove to not follow this rule in most of the cases and as a result, especially in the public administration, recruitment is not a merit based but rather based on a nepotism and bribery in some cases.²⁴

Once Macedonia becomes an EU member state it will have to confront with the wider European market competitiveness. The opening of the job markets for many would mean better workforce quality. This is the point where the labor market mechanism can play its part and ensure that companies have access to the most competitive workforce.

²² Venice Action statement on enhancing flexibility in the management of labor market policy,

²³ European Council in Copenhagen 21-22 June 1993, Conclusions of the presidency
http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/72921.pdf

²⁴ Interview with Abdyl Samet Shabani, Deputy Head of Employment Unit, Employment Service Agency conducted on 23.09.2009

When trying to evaluate the economic activity in a country, the primary factor you consider is the employment rate. The process of privatization in Macedonia resulted in a high level of unemployment, thus not fulfilling its main objectives: generating income and more jobs available. Nevertheless, the spillover effects from the period of transition have increased the number of available jobs at the private sector. However, the jobs available required highly skilled workers, where education clearly plays its part in enabling workers new skills so that they can more easily migrate to the private sector.

The employment rate is the most important factor of evaluation of economic activity in a country. The process of privatization, as one of the main chains of the transition phase, hasn't produced the expected effects. These economic trends have been expressed negatively in the field of employment. It is important to mention that the demands for new jobs has increased in the private sector, the demand for workers with new skills (new knowledge), different professions and profiles, has also increased. Another change has been noticed in Macedonia, and that is the movement in demand from the state sector to the private sector. Education can be a powerful tool, in easing the transition from education to work. (International Labour Office, 2008).²⁵ When speaking about transitions, the following will touch upon the effects that the EU integration process have in the economic sector in Macedonia.

VI. I Unemployment and education

Due to the unrealized promises given by the different governments in Macedonia and due to the lack of vision and coherent strategy youth population has been deeply affected with this situation and as a result we have created a generation that does not possess the certain skills and education.

With an unemployment rate higher than 30% and lasting over a decade this has become a chronic socio – political problem; thus clearly revealing the case which shows that the unemployment and the education were never properly been linked together since education has never been seen as a main generator for employment.

Table 9. Labor force and activity rates

	<i>Total population</i>	<i>Total</i>	<i>Employed</i>	<i>Unemployed</i>	<i>Activity rate</i>	<i>Employment rate</i>	<i>Unemployment rate</i>
2007	1628635	907138	590234	316905	55.7	36.2	34.9
2008	1633341	919424	609015	310409	56.3	37.3	33.8

Source: state statistical Office

Since Macedonia is now an official candidate for EU membership, the unemployment issue has been seen as a handicap for advancing the Macedonia – EU relations because it is directly connected with the economic criteria from Copenhagen. These state that the countries that wish to join the EU should have a functioning market economy and that the producers have the capability to cope with competitive pressure and market forces within the Union. Moreover, according to the the Lisbon Strategy²⁶, the employment rate must reach up to 70%. This percentage is approximately half in Macedonia, around 36.2% in 2007 and 37.3 %in 2008 (see Table 9). Therefore, as it is stated in New skills for new jobs: better matching and anticipating labour market needs²⁷“ It makes no sense in these difficult economic times to see unemployment rising but job vacancies still not being filled.” In addition, this document notes

25 Global Employment Trends for Youth, International Labour Office, p. 41 http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/--trends/documents/publication/wcms_112573.pdf

26 Lisbon Strategy; European Council; March 2000 http://europa.eu/scadplus/glossary/lisbon_strategy_en.htm

27 New skills for new jobs: better matching and anticipating labour market needs, Brussels, December 2008

that “ a better match must be ensure between the skills that workers have and the jobs that are available.” Futhermore, the claims are made that “efforts must be made to better anticipate the skills the European economy will need, and reform our education and training systems so that they can properly prepare people for the jobs that will exist in 10 years’ time.”

Regardless of the things previous mentioned, the official candidate status of Macedonia already suggests that the country needs to implement reforms in certain sectors in the economy that promote employment, especially among young people. This and similar policies will be required from Macedonia in order for the country to progress towards its main objective, EU membership. As an illustration, in the beginng of 2008 the Enlargement Comissioner Mr. Olli Rehn delivered 8th benchmarks that Macedonia needed to implement in order to progress forward on its EU integration part.²⁸ These include:

- 1. A constructive political dialogue*
- 2. Effective enforcement of the new police law.*
- 3. Political independence of the public administration.*
- 4. Improvement of the business climate.*
- 5. Speeding up of property legislation.*
- 6. Strengthening of judiciary’s independence.*
- 7. Implementation in a sustainable way of anti-corruption legislation.*
- 8. Creating conditions for the employment of the young.*

²⁸ A1. Oli Ren v Cetvrtok doagja vo Makedonija (Olii Rehn comes to Macedonia on Thursday) <http://a1.com.mk/vesti/default.aspx?VestID=90376>

VII. ACHIEVEMENTS AND WEAKNESSES OF THE EDUCATION SYSTEM

The secondary school system plays a vital role in the society. However, “the evidence provided so far, show that unfortunately for many students involved in the secondary school system, schools plays a contradictory role: living them unemployed for years on the market, making their skills and knowledge not compatible with the requirements, making them unfairly equitable in terms of measurement of their knowledge and skills etc(M. Nikolovska 2004. p.10)

With the amendments of the Law on Secondary education²⁹, from 2008-2009 the secondary education became mandatory, which means that all new generations are obliged to go through it. This means that all education institutions must be well prepared for the process of globalization and internationalization in the educational sphere. However, not always quantity necessitates quality, thus there must be insurence that the increased number of students will not have negative effects on the overall quality of education. This law also represents a responsibility for the institutions since now they need to justify in practice why secondary school education is a must for all i.e give evidence of the benefits of secondary education.

The Macedonian education system is dominant and authoritative³⁰. The previous experiences shows that there was no real two-way interaction in classes, the stimulation of individual critical thinking is not widely accepted, resulting in the students having to learn and memorize mechanically. Since the beginning of the transition period there have been and still there are many ongoing initiatives and projects for the modernization of the education system. These projects are mainly financed by the international organizations such as: USAID, UNDP, EU and others.

Unfortunately, these are all donor driven projects and when the funding stops these projects do not continue. This leads to the problem of having a systematic change that's not continuous, which what is mostly needed for the overall progress in the situation with education in Macedonia.

VII.1. Lifelong Learning and Vocational education

The knowledge gained in the past is becoming “old” and the need for improvement is inevitable. Training and education should be permanent, regardless of age. The Lifelong learning concept is a quote which is used everywhere in the world. The European Council used this concept for the first time in Europe, while in international aspect; UNESCO and OSCE have done the same. This concept is used like a synonym for adults, but also as a requirement for revolutionary changes in the education system, which means that learning should considered a lifelong process.

²⁹ Law Amending the Law on Secondary Education) 2008, Official Gazette

³⁰ Interview with Mr. Sulejman Rushiti, former Education and Science Minister, conducted on 21. 01.2010

Officially, in Macedonia, this is regulated with the Law on Vocational Education³¹, which states that “vocational training is part of the education system which ensures individual development through acquiring skills, knowledge and competences necessary for their integration into the labor market or the continuation of education³².” According to Article 6 of this Law, the ministries for Labor and Social Affairs and the Ministry for Education and Science together with the social partners are responsible for the vocational education. Moreover, Article 7 of this law envisages that the Ministry is responsible for verification, accreditation and creating national framework educational plans and programs.

Local municipalities have little space for maneuver, since according to Article 10 of this Law (the local authorities and the city of Skopje) do analyzes of the needs of the labor markets on local level and delivers suggestions to the Ministry for the development needs of the educational plans and programs. Even though it is envisaged in the Law under Article 6 that the educational programs should be planned in cooperation with other social partners, the economic sector has not been included in planning systematically in the planning process of the vocational education. In addition to this, vocational training may lead to a sustainable economic development.

Education programs, however, are not yet synchronized with business demands and economic development. This challenge requires joint effort between the businesses and educational institutions in order to improve the quality of the labor force in Macedonia by offering adequate training, promotion of enterprises and lifelong learning. The successful combination between businesses in Macedonia and the education system represents a very important element for the increasing of the competitive ability of the economy as a whole.

In an interview, Mr. Sulejman Rushiti, states that

*“...the numbers of people that finish primary school have a hard time to accept that they may invest in their further education in the vocational schools. In this case, unfortunately, grammar schools attract more and more young people. However this might send us a strong signal that the vocational schools are not having the desired level of competences.”*³³

A crucial issue is the education of the youngsters based in a system which identifies the demands of the market. Macedonia must achieve this in a short period of time so it can be part of the global competitive values.

VII.2. Decentralization of the education-solution for Macedonia

Decentralization “by definition” means transferring the competences to local level. This process is extremely connected to education as it is regarded that “decentralization not only reduces the distance between the decision maker and the beneficiary, it also may result in new governance arrangements such as school management committees that increase parental participation and oversight“ (Donald R. Winkler, 2007)³⁴.

At present, decentralization has lots to do with the overall economic development of one local municipality. At the same time local units have found themselves in a very precarious position, It is accepted that decentralization will help increase the quality in terms of “guiding” human capital. Additionally, another comment about the process of the decentralization is that it can lead societies towards achieving development in any aspect, at a local level, despite the fact that. The next important element that can be regarded as the most critical for the success of the decentralization in the education in Macedonia is to identify the specific profile of the human capital of every local community and

³¹ Law for Vocational Education, Article 2, Official Gazette of the Republic of Macedonia number 71/06

³² Ibid.

³³ Interview with Mr. Sulejman Rushiti, former Education and Science Minister, conducted on 21. 01.2010

³⁴ USAID Policy brief “Does Decentralization Impact Education Quality?”;

take steps for meeting these uniqueness. The dynamics of local economic development first and foremost depends on the human capital.

Until now, the Macedonian education system was very much centralized and not related to the needs of the labor market. Another challenge for the local governments, in decentralization, are the competences that they have in education institutions. It must be noted that in the beginning of the transition reforms education was not a priority. For that reason, today we are facing most of the reforms. Decentralization is important here since it can identify the local needs of education.

The law on Territorial organisation in Macedonia was first introduced in 1991. The real changes, however, started in 2002. With the changes in this law, education became decentralized as well. Moreover, the central government did not have the capacity to manage successfully the education system in Macedonia. As a result, the quality of education was very low, when compared to other countries' results³⁵. Speaking of education it is the most complex issue to transfer from central to local government.

According to former Education and Science Minister Mr. Rushiti, even though "we say that the education is decentralized, in practice this might not be the case."³⁶ He adds that the local authorities do not do anything except administer the salaries of the employees. Local governments are responsible for the finances of the educational institutions. It is difficult for them to manage this aspect, knowing their inexperience in the past. Indeed, with the start of decentralization there has been a clear distinction in terms of which responsibilities lies with the central and local government.

The aim of the process is to increase the involvement of the communities in the decision making process, more transparent administration of the schools, and better quality education. It is clear that:

*"Moving the responsibility of decision making to local schools implies redistributing power from central bureaucrats to principals, teachers, and parents, who presumably have a greater stake in the content and quality of education. Proponents of decentralization believe that granting power and authority to these stakeholders will make schooling more responsive to the needs of local communities, and will more fully exploit the knowledge, creativity, and initiative of agents at the school and community levels."*³⁷

Within the current decentralization local governments can finance and be in charge for the primary and secondary schools, The law on Territorial organisation states that municipalities shall be responsible for: "Education – establishing, and financing, and administering of primary and secondary schools, in cooperation with the central government" (Nikolovska; 2004)³⁸, However this part of the paragraph that states the cooperation with the central government very often is a problem due to the political culture³⁹. Specifically, whenever the central government and local governments come from different political parties there are problems in terms of how well the system functions and the effect it has upon education as well. This statement is also indicated in OSCE's studies according to which to the question of "how well the relations between the local government and the central government and the Ministry of Education are", 45% of the local governments have responded as "bad", 34% of them answered "good" and only 21% described it as "very good". If we go into details, the local governments that described their relations as very

35 See www.pisa.oecd.org (Macedonia participated only in 2000, results are available only for this year and <http://timss.bc.edu>)

36 Interview with Mr. Sulejman Rushiti, former Education and Science Minister, conducted on 21. 01.2010

37 Conceptual issues in the role of education decentralization in promoting effective schooling in Asian Developing Countries, (p. 23)

38 M. Nikolovska, The Politics of Education reform in the Republic of Macedonia: Rethinking Secondary Education Reform: Decentralization as a choice

39 Interview with Fari Rexhepi, chief of education sector in Municipality of Saraj conducted on 23.09.2009

good, are actually the ones belonging to the same parties as the central government on power. According to one of Macedonia's former ministers on Science and Education ⁴⁰, political bias is another deep-rooted problem of the education in general, referring to the cases where directors of the public schools are being changed because of their political background.

Due to the fact that responsibilities by law are transferred to the local government, including secondary education, high-quality management is more than necessary for local administration. Nevertheless, many participants and local actors (administrators, mayors, members of school council, directors, parents, teachers and others (OSCE; 2008) have no knowledge of their competencies and responsibilities in this process (OSCE; 2008). From what it states in the law, we can notice that the managers of the schools are the local governments (OSCE ; 2006). Local governments also authorize inspections for the increasing the quality.

In the first phase of the decentralization process local governments were receiving financial support from the central government for heating, transportation, handling activities. In the second phase, local governments receive block grants from the central government for the salaries of teachers. In addition, local governments have a bigger role in the administrative issues in education (OSCE; 2008,). For this reason local governments have to set up an administrative unit responsible for education in which qualified staff should be included. However, according to an OSCE survey on the question of "whether the municipality has an administrative unit for education," 45% of them responded "no" and 55% said "yes." This indicates that a high number of local governments are not ready for to handle the administration of education.

"When speaking about the municipalities and their readiness to start actual work on the ground thus identifying the education needs there is a lack of administrative capacity. Most of the municipalities count only one or two employees in the sector for education, which according to him is far from sufficient, " says Mr. Sulejman Rushiti, former Minister of Education and Science in Macedonia. ⁴¹

The problem of capital investments is not resolved still and there is a lack of coordination between central and local government. Local governments still can not adopt plans and programs different than the ones of the central government. They need permission from the central government in order to initiate new programs in secondary schools, although the local government is closer to the labor market and can properly identify the needs there.

A special problem occurs when we speak in regards to the ownership and property of the buildings and the land. This problem becomes even more important when local governments apply for foreign donations and activities for the infrastructure. On the other hand, in the central government the administration of education and education infrastructure was never considered important.

The decentralization of education, from the very beginning, was accepted as one of the biggest challenges. With the start of the National Program for Development in Education 2005 - 2015 in 2006⁴², the priorities in the educational policy that have been identified involve and support the program for educational institutions.

Regardless of the fact that there is a law which prescribes decentralization of education in Macedonia, in reality local government is highly dependant on the central government. It can be said that this is not decentralization, but rather deconcentration (Nikolovska; 2004) For example, in the municipality of Saraj gets finances from the central government but these are intended only for salaries of the staff (professors, teachers and administration). Still, the property of the buildings belongs to the state.

40 Interview with Mr. Sulejman Rushiti, former Education and Science Minister, conducted on 21. 01.2010

41 Interview with Mr. Sulejman Rushiti, former Education and Science Minister, conducted on 21. 01.2010

42 Национална Програма за Развој на Образованието 2005-2015 (National Program for Education Development 2005 -2015; Ministry of Education and Sciences

VIII. CASE STUDY-MUNICIPALITY OF SARAJ

1. Aiming for local development through increased education quality

Local governments are facing big challenges after transferring some of the competences from central to local level, under the Law on Territorial Organization from 2004. This means big challenge and commitment for local governments, as it is argued by many authors one of them say “ *Planners involved in a decentralizing reform must identify which components of the system are more appropriately managed at the central level and which at the local level. Given the countries particular circumstances and the objectives of reform* “ (Ketlen Florestal, 1997, p. 2)

As expected the biggest challenge they are facing is the local economic development, which by its definition and in reality is a complex process and requires serious involvement, efficient use of resources and the involvement of various stakeholders.

Local economic development is important for the local governments since it consist of broad strategy in which local actors and institutions should be involved in order to create jobs and strengthen and promote business activities. (Blakely; 2010). In addition, there is a need for coordinated efforts and environment in which coherent local policies will be the driving forces of local economic growth in the region. For that reason, there is a need for a strategy for local economic development. Unfortunately, at the moment, municipality does not have strategy for local economic development.

Another question to ask here is whether the new competences gained with the new model of teritorial decentralization are actually applicable to the current capacities that the local self governments posses. This paper looks at the municipality of Saraj, and take as an example the challenges it has been facing with the new increased powers. With the first territorial division in Macedonia it became a local self government, and it was recognized as a rural municipality. After several changes in the Law on Territorial Decentralization it was added to the structure of city of Skopje, where it still remains today.

Geographically speaking, Saraj is 15km away from the capital city of Skopje and 35 km from the fifth largest city in Macedonia, Tetovo. Its geographic place is very strategic and with its territory it is considered as one of the biggest municipalities with a total of 35408 inhabitants.⁴³

Its location is very convenient as it is considered as the “corridor” of cooperation between two big municipalities and the promotion of foreign direct investments. The decentralization process has affected local governments so that they need to adapt to the new conditions and responsibilities related to this process. Some of these new responsi-

43 Population census in Macedonia 2002, State Statistical office

bilities include: establishing, financing and administrating primary and secondary schools (Law on Local Self-Governance). The number of registered students in the primary school is 5655⁴⁴ for the year of 2007/2008.

The municipality also is the center of one religious school which is managed by the Islamic Religious Community. There is no other secondary school on the territory of the municipality. Taking into account the high number of primary school students, after finishing elementary education, all of them have to continue their education at various high schools all over the capital city. Most of them join nursing schools, economy schools and state gymnasiums, the number being smaller when it comes to the technical schools. It is very big disadvantage that these students have to travel at least 15 km or even 25 km to attend some of the schools. Apparently, the need for secondary schools is big, still there are no secondary schools on the territory of the municipality. It is worth mentioning that the level of participation of the parents in the overall education system is very low. Another problem of a crucial importance is the fact that the local government is facing an old infrastructure that undoubtedly has negative effects on the quality of the education. There is also a lack of education equipment that is a result of the centralized level education. According to the study of MCGO (Macedonian Civic Education Center) there is a lack of teachers in the fields of information sciences, English Language and Music Sciences. These courses are mostly covered by the teachers who are not specialized in this field or they are come from secondary education institutions thus putting at risk the quality of knowledge they give to the students. It is more than clear that the municipality does not have the administrative capacity to manage educational policies.

When it comes to the capacity of the municipality, there are 29 employed people in the municipality out of which only 2 work in the education sector who are dealing with other areas of work such as social care etc. Table 6, gives a representation of areas where the municipality faces deficiency of staff and it is clearly noticeable that education is also one of the fields requiring additional staff.⁴⁵

Table 10. Areas where the municipality faces deficiency of staff and where there is a need for training of the existing staff members

Departments	<i>Number of people who are currently working in that area</i>	<i>Required number of people*</i>	<i>Required training of the current staff (Yes/No)</i>
Urban planning	2	5	1
Local economic development	1	2	1
Culture	0	0	0
Education	1	2	1
Protection and rescue of citizens and goods	0	0	0
Environment protection	0	0	0
Public Utilities	0	0	0
Social and children protection	1	2	1
Sport	0	0	0
Health protection	1	2	1
Financial management and tax administration	0	0	0
Total:	6	13	5

Source: Ministry of Local Self Government:

⁴⁴ See www.mcgo.org.mk

⁴⁵ Interview with Blerim Bexheti – Mayor of Municipality of Saraj 25.09.2009

It is a fact that it must invest in the future if it wants to develop such policies and establish educational sector in the municipality.

Generally speaking, the municipality of Saraj has not yet done any cooperation with business sector representatives, civil society and other local stakeholders that can contribute to its development.

Mr. Blerim Bexheti, Mayor of Saraj, says that he consults the business sector often, but the limited powers he has in this sector restrict his maneuver space. However, the local businesses do not agree with this statement that there is no cooperation with the local municipality. *“We are only contacted by the authorities only when we have to pay the taxes,”* they say.⁴⁶

When we talk about business it is important to mention that there are three private companies that are considered as some of the most successful companies in Macedonia, and they are UKA-Komerc, Dauti Komerc and Euro Aktiva. Their success also contributes for the development for the local population as well. However, the role of the local government is crucial for promoting LED that can provide benefit to the local companies also. This means that it is very important to establish partnership between the private sector and the municipality in order to achieve economic stability and well being of the society. This can be achieved only if the resources are used efficiently and in a productive manner. Local economic development would start to take place when increase in the employment would start on the local level (which means efficient use of resources

However, in practice we can see that the situation is different and that the local companies can hardly find appropriate staff from the municipality even if they desire it. For example, UKA can not find a food processing engineer and machine engineer. The owner of the company says that: “not only in Saraj but in whole Macedonia, it is difficult, in fact, to find this kind of profile of workers”. The situation is not better even when speaking for low skilled workforce.

*“We have 120 employees, out of which 20 are with higher education, the rest posses either high school or primary school diploma only. We even face difficulties when we are looking for people specialized in certain low profile jobs as: waiters, auto mechanics etc. It is very hard to find an appropriate person with the exact qualification and we have no other option but to employ people who do not have the appropriate education.”*⁴⁷

At the same time, the labor market has so many nurses and pharmaceutics that are waiting to find employment. According to the interviews of Medical high school “Pance Karagjozov” graduates “nobody informed them whether there is a deficit or surplus of their kind of profiles in the job market.”

They claim that they just entered in the specific work field since it was supposedly an “attractive” one. Here we can see the potential for a true role of the local government together with the parents of primary school graduates that need to promote the sectors which are likely to be the most demanded ones in the future. Also, they should promote the sectors that represent the needs of the municipality as well. This requires strategic planning of resources and identifying future needs.

If we are briefly to summarise this chapter, we can easily point out the situation in which the municipality of Saraj is in, struggling to fulfil its main duties being understaffed (see Annex 1) with limimited competences concerning their economic development.

⁴⁶ Interview with Vjollca K. Manager Euro Aktiva conducted on 23.09.2009

⁴⁷ Ibid.

CONCLUSION & RECOMMENDATIONS

Becoming a part in the EU has been in the agenda of all the governments in Macedonia. Nevertheless, being an EU member country requires several deep rooted reforms. One of the most difficult and also most important factors is that Macedonian market will become part of the almost 500 000 000 citizens EU single market. This means that Macedonian economy will enter very high competitive market and this requires lot of effort on the country's behalf. In this context, reforms in the education sector will have an important role on the successful transforming of Macedonia for the global competition. At the same time, these reforms are important for this current period when the country is trying to attract more FDI which are expected to accelerate the transfer of new technologies from developed countries. It should be noted once more that, the FDI requires developed human capital. Even though with the decentralization process the education system is not developing as fast, there is a perception that it will help by improving the quality of education in Macedonia.

Therefore, the local governments that have more competences now should not 'politicize' the educational institutions (changing the school directors according to the political party they belong to is a habit in Macedonia). Once more, decentralization is associated with the increasing of the quality of education, so local decision makers must take this issue seriously. For example there are municipalities that lack of teachers profiled in IT and English language.

It is very clear that one of the most important factors of decentralization is to define and value services in Macedonia. In this aspect, decentralization of education is also considered. With the help of the central government an inter and intra local economic cooperation is accepted to be established and this can help with the implementation of proper and efficient economic policies. Consequently, this can lead to establishment of a local-regional cooperation capable of financing development projects of education institutions that are in financial needs. For that reason, the central government has to initiate the cooperation of municipalities in Macedonia, in order to project their future needs for education while having in mind that most of the municipalities do not have the capacity to manage these projects on their own.

Taking this into consideration, in Macedonia, in primary education, the curricula are ,predetermined by the Ministry of Education. This should change, there must be some possibility for the local governments to have educational programs according to local needs. This means that, in the decision-making process for the programs, it would be an advantage if local government officials would participate as well.

Additionally, in the area of secondary education there is a need to transfer competences to the local governments in order to be able to choose the subjects of the courses. This is important because the local government is more likely to identify the human capital needs of their territory and thus they can contribute to the lessening of the unemployment situation. Clear definition of responsibilities between the state and municipalities inspectorates is of a crucial importance.

Overall there is need of financial support and independence for the municipalities in the education sector. It is generally accepted that this can bring better quality to education institutions. Also, managing the land of the schools is expected to bring additional resources for the local schools.

There are also some activities that should be done by the municipality initiatives. One of the most important issues that need to be implemented very soon is to set up Local Economic Development strategy for Saraj. This is very crucial issue. Further, there is a need for better cooperation between local government, business sector and NGO's. Other issue that is worth mentioning is that politic influence should be diminished to the lowest possible level in the functioning of the local municipality.

ANNEX 1**Municipality of Saraj****General data:**

- Total area: 229,06km²
- Population Density: 154,58 inhabitants/km²
- Number of inhabitants: 35.408
- Number of settlements: 22

Unemployed people by education degree

Education degree	Total	Female	Male
Without any qualification	3700	1108	2592
Unfinished High School	55	4	51
Qualified	487	67	420
High Qualified	0	0	0
CCO — 4 years of second-ary education	491	141	350
Higher education	8	4	4
University level education	39	18	21
Master of Arts/ Science	0	0	0
Phd.	0	0	0
Total:	4780	1342	3438

Unemployed people by age structure:

Age	Total:	Female:	Male:
15 – 19 years	109	59	50
20 – 24 years	669	358	311
25 – 29 years	811	294	517
30 – 34 years	840	241	599
35 – 39 years	715	167	548
40 – 44 years	610	105	505
45 – 49 years	414	63	351
50 – 54 years	287	26	261
55 – 59 years	217	19	198
60 years and above	108	10	98
Total	4780	1342	3438

Unemployed people according to the time needed for employment:

Waiting time	Total:	Female:	Male:
Under 1 month	97	41	56
From 1 to 5 months	259	108	151
From 6 to 11 months	428	153	275
From 12 to 17 months	253	109	144
From 18 to 23 months	220	82	138
2 years	398	146	252
3 years	313	120	193
4 years	314	81	233
5 to 7 years	802	241	561
8 years and more	1696	261	1435
Total:	4780	1342	3438

Education degree of the municipalities' staff

Education	Number of employed
Primary education	14
Secondary education	15
University level education	9
Master of Arts/ Science	0
Other	0
Total:	38

Sex and gender structure of the staff

Age group	Number of people employed	
	Male	Female
18-29	3	2
30-39	3	1
40-49	11	3
50-59	4	1
60 and above	0	0
Total:	21	7
Total:	28	

Source: Ministry of Local Self Government: <http://www.edusoft.com.mk/prasalnik/mls/default.asp>

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